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**LAFAYETTE PARISH
COMMUNICATION DISTRICT

FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION

YEAR ENDED OCTOBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-20-05

LAFAYETTE PARISH COMMUNICATION DISTRICT

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LAFAYETTE PARISH COMMUNICATION DISTRICT

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INDEPENDENT AUDITORS' REPORT

M. TROY MOORE, CPA*

MICHAEL G. DeHART, CPA, CVA, MBA*

To the Board of Commissioners
Lafayette Parish Communication District
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major fund, and the aggregate remaining fund information of the Lafayette Parish Communication District, as of and for the year then ended October 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Parish Communication District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities business-type activities, major fund, and the aggregate remaining fund information of the Lafayette Parish Communication District, as of October 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Lafayette Parish Communication District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as of November 1, 2002.

In accordance with Government Auditing Standards, we have also issued a report dated January 20, 2005 on our consideration of the Lafayette Parish Communication District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 29 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods for measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Parish Communication District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the introductory section, and the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

January 20, 2005

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Within this section of the Lafayette Parish Communication District's (the District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended October 31, 2004. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The District's assets exceed its liabilities by \$6,200,456 and \$1,059,092 (net assets) for its business-type and governmental activities, respectively, for the fiscal year ended October 31, 2004. This is an increase over fiscal year ended 2003, when the District's assets exceed its liabilities by \$5,279,815 and \$58,111 (net assets) for its business-type and governmental activities, respectively.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$2,769,931 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets. The District had no outstanding debt relating to its capital assets at fiscal year end. This is an increase of \$1,198,115 from 2003.
- Unrestricted net assets of \$4,489,617 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

By the nature of the District's agreement with the Parish and City of Lafayette, its governmental funds report no fund balance at the end of the fiscal period. Rather, any excess funding is reimbursed to the respective governmental body and recorded as a liability in the fund financial statements. The District's proprietary fund reported total ending net assets of \$6,200,456 this year. This compares to the prior year ending net assets of \$5,279,815 showing an increase of \$920,641 during the current year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) required supplementary information. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is also presented for comparative purposes.

Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

Lafayette Parish Communication District

Lafayette, Louisiana

Management's Discussion and Analysis

Government-Wide Financial Statements - Continued

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on specific revenues.

Both of the Government-wide Financial Statements distinguish functions of the District that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through charges (business-type activities).

The governmental activities of the District include public safety operations in maintaining The Office of Homeland Security and Emergency Preparedness and the administration of the City of Lafayette's 800 Megahertz Radio System. Both of these funds are special revenue funds.

Included in the business-type activities are charges to telephone companies for the operations of the local emergency telephone response service for the Parish of Lafayette.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Governmental Funds – Continued - The District maintained two individual governmental funds, both are special revenue funds. Information is presented by fund in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The funds are the Communications System Management Fund (a non-major fund) and the Office of Homeland Security and Emergency Preparedness Fund (a major fund).

The basic governmental fund financial statements are presented on pages 12- 16 of this report.

Proprietary Fund – When the District receives 911 surcharges from the various telephone service providers for use in providing 911 emergency service, these services are generally reported in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise fund (the "911" Fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund. The "911" Fund is considered by the District to be a major fund. The Proprietary Fund financial statements are presented on pages 17 – 19 of this report.

Notes to the basic financial statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information concerning the District's budget presentations. Budgetary comparison statements are included as "other required supplementary information" for the major funds, both the proprietary fund and the governmental fund, and as "other supplementary information " for the non-major special revenue fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. This information is on pages 29 – 31 and 33 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District implemented the new financial reporting model used in this report beginning with the prior fiscal year ended October 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$7,259,548 as compared to the prior fiscal year end balance which was \$5,337,926. The majority of the net assets are unrestricted which may be used to meet the District's ongoing obligation to citizens and creditors.

The following table provides a summary of the District's net assets:

Lafayette Parish Communication District

Lafayette, Louisiana

Management's Discussion and Analysis

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 849,138	\$ 100,218	\$ 4,699,052	\$ 3,892,176	\$ 5,548,190	\$ 3,992,394
Capital assets	1,063,408	61,579	1,706,523	1,510,237	2,769,931	1,571,816
Total assets	1,912,546	161,797	6,405,575	5,402,413	8,318,121	5,564,210
Current liabilities	849,138	100,218	181,015	95,035	1,030,153	195,253
Non-current liabilities	4,316	3,468	24,104	27,563	28,420	31,031
Total liabilities	853,454	103,686	205,119	122,598	1,058,573	226,284
Net assets:						
Invested in capital assets	1,063,408	61,579	1,706,523	1,510,237	2,769,931	1,571,816
Unrestricted (deficit)	(4,316)	(3,468)	4,493,933	3,769,578	4,489,617	3,766,110
Total net assets	\$ 1,059,092	\$ 58,111	\$ 6,200,456	\$ 5,279,815	\$ 7,259,548	\$ 5,337,926

The deficit in unrestricted governmental net assets arose primarily because of the recordation of compensated absences into the statement of net assets. By the nature of the governmental funds, any excess of revenues over expenditures at the fund level is reimbursed to the City/Parish Government and the funds have no fund balance, however compensated absences do not factor into this calculation.

During 2004, there was a significant increase in the capital assets of the governmental activities mainly attributed to the District receiving grant funds for the acquisition of equipment from the Department of Homeland Security, Office of Emergency Preparedness. Equipment purchased with grant funds for 2004 in the governmental funds was \$882,989. The increase in current assets is due to the accrual of the receivable for these grant funds. The corresponding increase in current liabilities is due to the accrual of the invoices for the equipment.

The net assets of our business-type activities increased by \$920,641 or 17.43% in 2004, as compared to 13.48% in 2003. This is due to a small increase in operating revenues and a significant reduction in operating expenses during the current year.

The following table provides a summary of the District's changes in net assets:

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,771,431	\$ 2,722,136	\$ 2,771,431	\$ 2,722,136
Operating grants	319,570	288,794	-	-	319,570	288,794
Capital grants	957,258	-	-	-	957,258	-
General revenues:						
Investment earnings	4,538	5,860	81,562	94,781	86,100	100,641
Loss on disposal of assets	-	(525)	-	(1,464)	-	(1,989)
Other general revenues	24	-	17,965	8,334	17,989	8,334
Total revenues	<u>1,281,390</u>	<u>294,129</u>	<u>2,870,958</u>	<u>2,823,787</u>	<u>4,152,348</u>	<u>3,117,916</u>
Program expenses:						
Public Safety	280,409	251,151	1,950,317	2,194,654	2,230,726	2,445,805
Interest on long-term debt	-	-	-	1,920	-	1,920
Total expenses	<u>280,409</u>	<u>251,151</u>	<u>1,950,317</u>	<u>2,196,574</u>	<u>2,230,726</u>	<u>2,447,725</u>
Increase in net assets	<u>\$ 1,000,981</u>	<u>\$ 42,978</u>	<u>\$ 920,641</u>	<u>\$ 627,213</u>	<u>\$ 1,921,622</u>	<u>\$ 670,191</u>

Governmental Activities:

The governmental funds of the District are funded in the most part by appropriations from the City and Parish of Lafayette governments. As previously discussed, any excess of revenues over expenditures in these funds is required to be reimbursed to the respective government in the subsequent year. The only function of the District is public safety activities. Operating grants increased by 10.66% over 2003. This increase was due to an increase in the funding from the Office of Emergency Preparedness during the current fiscal year. General revenues had a slight decrease due to a decrease in investment earnings due to low interest rates. As discussed above, the District received capital grants during the current year to fund equipment purchases.

Total expenses of the governmental activities increased 11.65% from 2003. Of the total costs of governmental activities, repairs and maintenance represents 21.8% of the 2004 total and payroll and benefits represents 27.0% of the 2004 total.

Business-type Activities:

The majority of revenues in the District's business type activities come from telephone taxes collected by and received from the different telephone service providers that operate in the parish. In addition, the District also earns interest on its investments. Charges for services increased by 1.8% from 2003 with expenses decreasing 11.1%. The largest expenses of the business-type activity are salaries and benefits, which represent 43.4% of total expenses for 2004. In addition, depreciation on capital assets represents 19.7% of the total.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds:

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Due to the nature of the District's governmental funds, they do not carry over a fund balance, rather the amounts are reported as a liability to the appropriate funding authority.

Proprietary Fund:

The major fund of the District is its Proprietary Fund (the "911" fund). This fund operates as the general fund of the District. The major revenue source of this fund is telephone taxes collected by and received from the different telephone service providers in the area. It is the largest source of day-to-day service delivery. The 911 Fund's net assets increased \$920,641 from the prior year largely due to a decrease in operating expenses. Operating expenditures were approximately \$1.95 million, which represents an 11.1% decrease from 2003. This was mainly attributable to a decrease in depreciation expense from the prior year of \$328,872.

BUDGETARY HIGHLIGHTS

Proprietary Fund

The Proprietary Fund's original budget was based on the actual amounts reported in fiscal year 2003. However, the final budget remained virtually unchanged with a slight 3.5% decrease in expenses. The decrease was due mainly to a reduction in the estimated costs of repairs and maintenance, insurance, and telecommunications, which accounts for 77% of the decrease.

Major Governmental Fund

The Office of Homeland Security and Emergency Preparedness special revenue fund's final budget significantly fluctuated from the original budget due to the receipt of grant funds during 2004. Grant revenues were not originally budgeted because the District had not been notified of the award amount when the original budget was prepared. The corresponding capital outlay expense also had not been originally budgeted. Excluding the capital grant funds and expenditures, the final budget reflected an 18.0% increase in revenues and expenditures. The increase was due to capital outlay needs during 2004 that were not originally budgeted and an increase in the amount of appropriations received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of October 31, 2004 was \$2,769,931 as compared to \$1,571,816 at the end of 2003. This investment in capital assets includes buildings and improvements, equipment, furniture and construction in progress.

See Note G for additional information about changes in capital assets during the fiscal year.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

**Capital Assets at Year-end
Net of Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Building and Improvements	\$ -	\$ -	\$ 593,653	\$ 330,380	\$ 593,653	\$ 330,380
Furniture and Equipment	1,063,408	61,579	493,596	786,165	1,557,004	847,744
Construction in Progress	-	-	619,274	393,692	619,274	393,692
Totals	<u>\$ 1,063,408</u>	<u>\$ 61,579</u>	<u>\$ 1,706,523</u>	<u>\$ 1,510,237</u>	<u>\$ 2,769,931</u>	<u>\$ 1,571,816</u>

The increase in the District's investment in capital assets for the current fiscal year was 77%. The significant increase is due to the purchase of equipment with a capital grant as previously discussed.

During the current year, the major addition to the building and improvements category was \$171,233 for the door access control/camera project and \$124,380 for the landscaping project, both of which were included in construction in progress in the previous fiscal year. The increase in construction in progress is attributed to the construction of a Mobile Operations Center and Garage, both of which are still ongoing at year-end. These projects represent \$460,904 or 75% of the total construction in progress at October 31, 2004.

Long-Term Debt

At the end of the fiscal year, the District's only long term debt was accrued compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year end 2004-2005 budgets for the proprietary and governmental fund types are based on actual 2003-2004 results. The District expects to complete construction of the Mobile Communications Center in 2004-2005. In addition, substantial equipment purchases are planned utilizing the federal grant funds that are to be received as part of the Office of Homeland Security grant program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact William Vincent, Director, Lafayette Parish Communication District, Post Office Box 82236, Lafayette, Louisiana 70598.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF NET ASSETS
OCTOBER 31, 2004**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash	\$ 92,608	\$ 4,483,887	\$ 4,576,495
Telephone Tax Receivable	-	184,408	184,408
Grants Receivable	724,722	-	724,722
Due from Other Government Agencies		158	158
Prepaid Maintenance Contract	-	10,944	10,944
Prepaid Lease	-	19,655	19,655
Due from State of Louisiana	<u>31,808</u>	<u>-</u>	<u>31,808</u>
Total Current Assets	<u>849,138</u>	<u>4,699,052</u>	<u>5,548,190</u>
Noncurrent Assets:			
Property and Equipment (Net)	1,063,408	1,087,249	2,150,657
Construction in Progress	<u>-</u>	<u>619,274</u>	<u>619,274</u>
Total Noncurrent Assets	<u>1,063,408</u>	<u>1,706,523</u>	<u>2,769,931</u>
 TOTAL ASSETS	 <u>\$ 1,912,546</u>	 <u>\$ 6,405,575</u>	 <u>\$ 8,318,121</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF NET ASSETS

OCTOBER 31, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 738,200	\$ 167,657	\$ 905,857
Salaries Payable	1,389	13,555	14,944
Due to City/Parish of Lafayette	70,860	-	70,860
Internal Balances	197	(197)	-
Deferred Revenue	<u>38,492</u>	<u>-</u>	<u>38,492</u>
Total Current Liabilities	<u>849,138</u>	<u>181,015</u>	<u>1,030,153</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>4,316</u>	<u>24,104</u>	<u>28,420</u>
Total Noncurrent Liabilities	<u>4,316</u>	<u>24,104</u>	<u>28,420</u>
TOTAL LIABILITIES	<u>853,454</u>	<u>205,119</u>	<u>1,058,573</u>
NET ASSETS			
Invested in Capital Assets	1,063,408	1,706,523	2,769,931
Unrestricted (Deficit)	<u>(4,316)</u>	<u>4,493,933</u>	<u>4,489,617</u>
TOTAL NET ASSETS	<u>1,059,092</u>	<u>6,200,456</u>	<u>7,259,548</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,912,546</u>	<u>\$ 6,405,575</u>	<u>\$ 8,318,121</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2004**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental Activities						
Public Safety	\$ 280,409	\$ -	\$ 319,570	\$ 996,419	\$ -	\$ 996,419
Total Governmental Activities	280,409	-	319,570	996,419	-	996,419
Business-type Activities						
Public Safety	1,950,317	2,771,431	-	-	821,114	821,114
Total Business-Type Activities	1,950,317	2,771,431	-	-	821,114	821,114
Total Primary Government	\$ 2,230,726	\$ 2,771,431	\$ 957,258	996,419	821,114	1,817,533
General Revenues:						
Investment Earnings				4,538	81,562	86,100
Other General Revenues				24	17,965	17,989
Total General Revenues				4,562	99,527	104,089
Change in Net Assets				1,000,981	920,641	1,921,622
Net Assets-Beginning				58,111	5,279,815	5,337,926
Net Assets-Ending				\$ 1,059,092	\$ 6,200,456	\$ 7,259,548

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

LAFAYETTE PARISH COMMUNICATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

OCTOBER 31, 2004

	Office of Homeland Security and Emergency Preparedness	Communication System Management (Non-Major)	Total Governmental Funds
ASSETS			
Cash	\$ 500	\$ 92,108	\$ 92,608
Accounts Receivable	-	-	-
Grant Receivable	724,722	-	724,722
Due From State of Louisiana	<u>31,808</u>	<u>-</u>	<u>31,808</u>
 TOTAL ASSETS	 <u>\$ 757,030</u>	 <u>\$ 92,108</u>	 <u>\$ 849,138</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 729,168	\$ 9,032	\$ 738,200
Salaries Payable	1,389	-	1,389
Due to City/Parish of Lafayette	26,276	44,584	70,860
Due to Other Funds	197	-	197
Deferred Revenue	<u>-</u>	<u>38,492</u>	<u>38,492</u>
 TOTAL LIABILITIES	 <u>757,030</u>	 <u>92,108</u>	 <u>849,138</u>
 FUND BALANCE	 <u>-</u>	 <u>-</u>	 <u>-</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 757,030</u>	 <u>\$ 92,108</u>	 <u>\$ 849,138</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
OCTOBER 31, 2004

Total Governmental Fund Balances	\$ -
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*Amounts reported for governmental activities in the
Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,063,408
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,316)</u>
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<i>Net Assets of Governmental Activities</i>	<u>\$ 1,059,092</u>
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The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

YEAR ENDED OCTOBER 31, 2004

	Office of Homeland Security and Emergency Preparedness	Communication System Management (Non-Major)	Total Governmental Funds
REVENUE			
Governmental Appropriations	\$ 212,980	\$ 164,668	\$ 377,648
Grant Revenue	957,258	-	957,258
Interest Earnings	1,800	2,738	4,538
Miscellaneous Revenue	24	-	24
Total Revenue	<u>1,172,062</u>	<u>167,406</u>	<u>(1,004,656)</u>
EXPENDITURES			
Current:			
Dues and Licenses	585	155	740
Duplicating Expense	366	107	473
Insurance	17,279	-	17,279
Miscellaneous	2,444	-	2,444
Postage	253	8	261
Printing	21	-	21
Professional Fees	1,232	756	1,988
Publication and Recordings	187	111	298
Repairs and Maintenance	3,129	57,995	61,124
Retirement and Medicare	7,827	-	7,827
Salaries	67,927	-	67,927
Supplies and Materials	6,612	1,349	7,961
Telecommunications	15,158	17,054	32,212
Tower Rentals	-	17,336	17,336
Training	4,601	417	5,018
Transportation	14,459	-	14,459
Travel and Meetings	274	1,030	1,304
Uniforms	-	-	-
Utilities	147	4,971	5,118
Capital Outlay			
Equipment	<u>1,016,067</u>	<u>21,533</u>	<u>1,037,600</u>
Total Expenditures	<u>1,158,568</u>	<u>122,822</u>	<u>1,281,390</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>13,494</u>	<u>44,584</u>	<u>58,078</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2004

	Office of Homeland Security and Emergency Preparedness	Communication System Management (Non-Major)	Total Governmental Funds
EXCESS OF REVENUE OVER EXPENDITURES (BROUGHT FORWARD)	13,494	44,584	58,078
OTHER FINANCING USES			
Reimbursement of Excess Funds: City/Parish of Lafayette	(13,494)	(44,584)	(58,078)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE, BEGINNING	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2004

Net Change in Fund Balance - Total Governmental Funds	\$ -
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,001,829
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Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(848)</u>
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<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 1,000,981</u></u>
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The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF NET ASSETS
PROPRIETARY FUND - "911" FUND
OCTOBER 31, 2004**

ASSETS

CURRENT ASSETS

Cash	\$ 4,483,887
Telephone Tax Receivable	184,408
Due from Other Funds	197
Due from Other Government Agencies	158
Prepaid Maintenance Contract	10,944
Prepaid Lease	<u>19,655</u>
Total Current Assets	<u>4,699,249</u>

PROPERTY AND EQUIPMENT

Building and Improvements	757,663
Furniture and Equipment	5,807,133
Construction in Progress	<u>619,274</u>
Total	7,184,070
Less: Accumulated Depreciation	<u>(5,477,547)</u>
Net Property and Equipment	<u>1,706,523</u>

TOTAL ASSETS \$ 6,405,772

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 167,657
Salaries Payable	<u>13,555</u>
Total Current Liabilities	181,212

NON-CURRENT LIABILITIES

Accrued Compensated Absences	<u>24,104</u>
TOTAL LIABILITIES	<u>205,316</u>

NET ASSETS

Invested in Capital Assets	1,706,523
Unrestricted	<u>4,493,933</u>
TOTAL NET ASSETS	<u>6,200,456</u>

TOTAL LIABILITIES AND NET ASSETS \$ 6,405,772

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - "911" FUND
FOR THE YEAR ENDED OCTOBER 31, 2004**

OPERATING REVENUE

Telephone Tax	\$ <u>2,771,431</u>
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OPERATING EXPENSES

Contractual Services	-
Depreciation	383,771
Dues and Subscriptions	490
Duplicating Expense	1,005
Engineering Services	-
Insurance	133,188
Land Lease	253
Miscellaneous	6,580
Office and Postage	697
Printing	397
Professional Fees	31,195
Publication and Recordings	1,757
Repairs and Maintenance	69,471
Retirement and Medicare	90,773
Salaries	756,405
Supplies and Materials	14,451
Telecommunications	437,238
Training	17,956
Transportation	3,626
Travel and Meetings	445
Uniforms	472
Utilities	<u>147</u>

Total Operating Expenses	<u>1,950,317</u>
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OPERATING INCOME

821,114

NON-OPERATING REVENUES (EXPENSES)

Miscellaneous Revenue	17,965
Interest Earnings	81,562
Interest Expense	-
Loss on Fixed Asset Disposal	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>99,527</u>

INCREASE IN NET ASSETS

920,641

NET ASSETS, BEGINNING

5,279,815

NET ASSETS, ENDING

\$ 6,200,456

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND - "911" FUND
FOR THE YEAR ENDED OCTOBER 31, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Providing Services	\$ 2,791,586
Cash Paid to Suppliers	(734,212)
Cash paid to Employees	<u>(759,239)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,298,135</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	(580,057)
Interest on Investments	<u>81,562</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(498,495)</u>

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Interest Paid	-
Principal Payment on Capital Lease Obligations	<u>-</u>
NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	<u>-</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 799,640

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 3,684,247

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 4,483,887

**RECONCILIATION OF OPERATING INCOME TO NET CASH
BY OPERATING ACTIVITIES:**

Operating Income	\$ 821,114
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	383,771
Land Lease Amortization	253
Miscellaneous Revenue	17,965
Changes in Assets and Liabilities:	
Telephone Tax Receivable	2,190
Prepaid Expenses	(9,521)
Due from Other Funds	(197)
Due from Others	(158)
Accounts Payable	85,552
Salaries Payable	625
Accrued Compensated Absences	<u>(3,459)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,298,135</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Lafayette Parish Communication District consists of the "911" Fund, the Office of Homeland Security and Emergency Preparedness Fund and The Communication System Management Fund.

The "911" Fund was created by House Bill No. 480, Act No. 788 and signed into law July 18, 1979 for the purpose of establishing a local emergency telephone response service for Lafayette Parish.

The Office of Homeland Security and Emergency Preparedness Fund (OHSEP) was consolidated with the Lafayette Parish Communication District on November 1, 1984. Funding for OHSEP is provided by the State of Louisiana Office of Homeland Security and Emergency Preparedness, the City of Lafayette and the Parish of Lafayette. Any revenues in excess of expenditures are refunded proportionately to the City and Parish of Lafayette at the end of each fiscal year.

The Communication System Management Fund (CSMF) was established on November 1, 1986 to administer the City of Lafayette's 800 Megahertz Radio System. CSMF charges the Lafayette Utilities System and surrounding communities a rental fee for radio tower usage. The City of Lafayette reimburses CSMF for excess expenditures over revenues received from tower rentals.

The accounting and reporting policies of the Lafayette Parish Communication District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District also has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds and has elected to do so.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*. Certain of these significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the general provisions of the Statement in the prior fiscal year.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following is a summary of certain significant accounting policies:

Financial Reporting Entity - The "911" Fund, the Office of Homeland Security and Emergency Preparedness Fund and the Communication System Management Fund are presented with the Lafayette Parish Communication District in this report.

Basis of Presentation - The accompanying basic financial statements of the Lafayette Parish Communication District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS) - The financial transactions of the Lafayette Parish Communication District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses or expenditures. The various funds are reported by generic classification within the financial statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following fund types are used by the Lafayette Parish Communication District:

Governmental Funds -

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund -

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

Enterprise Fund - This type of fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing emergency telephone response services to the general public on a continuing basis is financed through user charges.

The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual fund type is at least ten percent of the corresponding total for all of that fund type. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The Proprietary Fund – “911” Fund is the operating fund of the District and is the only fund to be considered a major fund.

Measurement Focus/Basis of Accounting - Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund type is accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Intergovernmental revenues and fees, charges and commissions for services are recorded when the District is entitled to the funds. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Budgets and Budgetary Accounting - The Lafayette Parish Communication District is required to adopt annual budgets for each fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Each year, prior to November 1, the District prepares a budget for the next succeeding fiscal year and submits it to the Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
- b. The Lafayette Parish Communication District adopts the budget by a resolution of the Board of Commissioners.
- c. The budget must be revised and approved by the Commissioners for any increase in budgetary expenditures.
- d. All budgetary appropriations lapse at the end of each fiscal year.

Cash and Interest-Bearing Deposits - Cash and interest-bearing deposits are stated at cost, which approximates market.

Deferred Revenue - Deferred revenue in the Communication System Management Fund represents rental fees for future radio tower usage. Rental revenue is recognized on a pro-rata basis as radio tower service is provided.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated cost if historical cost is not available. The District's capitalization policy matches that of the City/Parish of Lafayette, its fiscal agent. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	20 years
Vehicles	5 years
Equipment and Furniture	5 -10 years

Compensated Absences - Annual leave is a paid leave of absence from regularly scheduled work hours granted to regular employees for the purpose of rest and recreation or to attend to personal affairs. Annual leave is earned by all regular full and part-time employees based on their years of service ranging from eight to sixteen hours per month beginning after six months of service. Excess leave shall be added to the employee's sick leave balance. Sick leave is earned by all full-time employees at the rate of eight hours per month and part-time employees at a pro-rata amount based on their usual work schedule for each completed month of employment.

Sick leave is carried forward from year to year. An employee shall be paid for all accumulated hours of sick leave at their regular rate of pay upon retirement or death and will not be paid upon any other type of separation from service. In accordance with Government Accounting Standards Board-16, no accrual is made for paid sick leave earned.

On October 31, 2004, accrued compensated absences in the "911" Fund amounted to \$24,104. The portion of accrued compensated absences attributed to the Office of Homeland Security and Emergency Preparedness Fund amounted to \$4,316 on October 31, 2004. All accruals are for annual leave.

Prepaid Items – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Restricted Net Assets - For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- b. Imposed by law through constitutional provisions or enabling legislation.

The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Fund Equity - Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(B) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2004**

**(B) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -
continued**

Capital Outlay	\$ 1,037,600
Depreciation	<u>(35,771)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 <u>\$ 1,001,829</u>

(C) CASH AND INVESTMENTS

The District's cash and investments are included in the City of Lafayette's Cash Management Fund, which is pooled with the City's other investments. Interest earned from the pooled cash management fund is apportioned to each fund based on its average daily cash balance. The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. All funds are considered Category 1 at October 31, 2004.

(D) TELEPHONE TAX RECEIVABLE

The telephone tax is received by the "911" Fund from Bell South Telecommunications, Inc., Century Telephone and various other vendors from amounts billed to their customers. At October 31, 2004, the telephone tax receivable was \$184,408. The responsibility of collecting the tax rests with the telephone companies and the receivable is reported net of any uncollected amounts, therefore, no allowance for uncollectible taxes is deemed necessary.

(E) PENSION PLAN

All full-time employees of the District are eligible and participating in the Parochial Employee's Retirement System of Louisiana. The District contributes a predetermined percentage, currently 11.75 percent, of each employee's gross wages to the retirement system for the fiscal year. Also included in the expense for retirement is the required Medicare contribution of 1.45 percent of each employee's wages. The amount contributed to the retirement system and for Medicare for the year ended October 31, 2004, was \$98,600.

(F) CONSTRUCTION IN PROGRESS

Included in property and equipment of the "911" Fund is construction in progress of \$619,274. This consists of \$73,020 on the Communications Tower Project, \$535,913 on the Mobile Communications Center Project and Garage and \$10,341 on the AVL Equipment Project.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2004**

(G) CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2004 was as follows:

	<u>Balance 11/1/2003</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 10/31/2004</u>
Governmental Activities:				
Capital assets, being depreciated				
Buildings	\$ 6,472	\$ -	\$ -	\$ 6,472
Furniture and Equipment	339,572	1,037,600		1,377,172
Total capital assets being depreciated	<u>346,044</u>	<u>1,037,600</u>	<u>-</u>	<u>1,383,644</u>
Less: Accumulated Depreciation for:				
Buildings	6,472	-	-	6,472
Furniture and Equipment	277,993	35,771	-	313,764
Total accumulated depreciation	<u>284,465</u>	<u>35,771</u>	<u>-</u>	<u>320,236</u>
Total capital assets being depreciated, net	<u>61,579</u>	<u>1,001,829</u>	<u>-</u>	<u>1,063,408</u>
 Governmental activities capital assets, net	 <u>\$ 61,579</u>	 <u>\$ 1,001,829</u>	 <u>\$ -</u>	 <u>\$ 1,063,408</u>
 Business-type Activities:				
Capital assets, not being depreciated				
Construction in Progress	\$ 393,692	\$ 521,195	\$ (295,613)	\$ 619,274
 Capital assets, being depreciated				
Building and Improvements	462,050	295,613	-	757,663
Furniture and Equipment	5,753,665	58,862	(5,394)	5,807,133
Total capital assets being depreciated	<u>6,215,715</u>	<u>354,475</u>	<u>(5,394)</u>	<u>6,564,796</u>
Less: Accumulated Depreciation for:				
Building and Improvements	131,670	32,340		164,010
Furniture and Equipment	4,967,500	351,431	(5,394)	5,313,537
Total accumulated depreciation	<u>5,099,170</u>	<u>383,771</u>	<u>(5,394)</u>	<u>5,477,547</u>
Total capital assets being depreciated, net	<u>1,116,545</u>	<u>(29,296)</u>	<u>-</u>	<u>1,087,249</u>
Business-type activities capital assets, net	<u>\$ 1,510,237</u>	<u>\$ 491,899</u>	<u>\$ (295,613)</u>	<u>\$ 1,706,523</u>

Depreciation expense for the year ended October 31, 2004 was charged as direct expense to programs of the government as follows:

Governmental Activities - Public Safety	<u>\$ 35,771</u>
Business Type Activities - Public Safety	<u>\$383,771</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2004

(H) LEASES

On September 1, 1983, the District entered into and prepaid a ninety-nine year lease with the City of Lafayette for land for future construction of a permanent facility. The prepaid amount is amortized over the term of the lease in the amount of \$253 per year.

The District has entered into a lease with Bell South Business Systems, Inc. for an Automatic Location Identification (ALI) system. The ALI system is used within the 911 Fund. The lease term is for one year and renews annually unless either party gives a one hundred eighty (180) day written notice. The lease term runs from March 27, 2004 through March 26, 2005 with monthly lease payments of \$16,605. Future minimum lease payments at October 31, 2004, were \$83,025.

The District also has a lease for tower space from American Tower Corporation. The leased tower space is used within the CSM Fund. The lease automatically renews annually unless either party gives a ninety (90) day written notice. The lease term runs from November 1 through October 31 with monthly lease payments of \$1,448 for the year ended October 31, 2004, and \$1,448 beginning November 1, 2004. Total lease expense for the year ended October 31, 2004 was \$17,336. Future minimum lease payments at October 31, 2004, were \$17,376.

In June 2004, the District entered into an Intergovernmental Agreement with the City of Carencro to lease a parcel of land for construction of the Mobile Operations Center Garage. The initial term of the lease is fifty years. After the initial term, the City has the option to continue the lease on a month-to-month basis. There is no cost to the District for this lease.

(I) BOARD COMPENSATION

The Board of Commissioners serves without compensation or per diem.

(J) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The District is insured to reduce the exposure to these risks.

(K) LITIGATION

There is no litigation pending against the District at October 31, 2004.

(L) COMMITMENTS AND CONTINGENCIES

During 2004 the District entered into an agreement for construction of a Mobile Operations Center (MOC). The total contract price is \$1,317,080. They also entered into a contract for the construction of a garage to house the MOC. The contract price is \$439,000. The District is billed at various stages of completion. The amount billed and paid during the year on these contracts is included in construction in progress.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Telephone Tax	\$ 2,500,000	\$ 2,500,000	\$ 2,771,431	\$ 271,431
Miscellaneous Revenue	-	8,500	17,965	9,465
Interest Earnings	25,000	25,000	81,562	53,588
Gain (Loss) on Fixed Asset Disposal	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Total Revenue	<u>2,450,000</u>	<u>2,458,500</u>	<u>2,870,958</u>	<u>412,458</u>
EXPENSES				
Current:				
Contractual Services	80,000	80,000	-	80,000
Depreciation	850,000	850,000	383,771	466,229
Dues and Subscriptions	1,000	1,000	490	510
Duplicating Expense	1,000	1,300	1,005	295
Engineering Services	-	-	-	-
Expense Reimbursement	-	-	-	-
Insurance	164,000	146,000	133,188	12,812
Interest	-	-	-	-
Land Lease	300	300	253	47
Miscellaneous	9,000	9,000	6,580	2,420
Office and Postage	1,000	1,000	697	303
Printing	800	800	397	403
Professional Fees	33,000	39,000	31,195	7,805
Publication and Recordings	2,500	2,500	1,757	743
Rent	500,000	500,000	-	500,000
Repairs and Maintenance	132,200	107,200	69,471	37,729
Retirement and Medicare	130,000	106,000	90,773	15,227
Salaries	880,000	860,000	756,405	103,595
Supplies and Materials	30,000	30,000	14,451	15,549
Telecommunications	525,000	476,700	437,238	39,462
Training	15,000	25,000	17,956	7,044
Transportation	6,000	6,000	3,626	2,374
Travel and Meetings	2,500	2,500	445	2,055
Uniforms	1,500	1,500	472	1,028
Utilities	<u>200</u>	<u>200</u>	<u>147</u>	<u>53</u>
Total Expenses	<u>3,365,000</u>	<u>3,246,000</u>	<u>1,950,317</u>	<u>1,295,683</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(915,000)</u>	<u>(787,500)</u>	<u>920,641</u>	<u>1,708,141</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (BROUGHT FORWARD)	\$ (915,000)	\$ (787,500)	\$ 920,641	\$ 1,708,141
NET ASSETS, BEGINNING	<u>4,652,602</u>	<u>4,652,602</u>	<u>5,279,815</u>	<u>627,213</u>
NET ASSETS, ENDING	<u>\$ 3,737,602</u>	<u>\$ 3,865,102</u>	<u>\$ 6,200,456</u>	<u>\$ 2,335,354</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**SPECIAL REVENUE FUND
OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Government Appropriations	\$ 179,700	\$ 211,171	\$ 212,980	\$ 1,809
Grant Revenues	-	957,233	957,258	25
Interest Earnings	1,200	1,200	1,800	600
Miscellaneous Revenues	-	-	24	24
Total Revenue	<u>180,900</u>	<u>1,169,604</u>	<u>1,172,062</u>	<u>2,458</u>
EXPENDITURES				
Current:				
Dues, Licenses and Subscriptions	500	600	585	15
Duplicating Expense	700	400	366	34
Insurance	19,000	18,300	17,279	1,021
Interest Expense	50	-	-	-
Miscellaneous	4,000	2,800	2,444	356
Postage	350	350	253	97
Printing	500	50	21	29
Professional Fees	1,500	1,250	1,232	18
Publication and Recordings	500	300	187	113
Repairs and Maintenance	15,000	4,700	3,129	1,571
Retirement and Medicare	7,200	8,100	7,827	273
Salaries	80,000	71,500	67,927	3,573
Supplies and Materials	9,400	7,600	6,612	988
Telecommunications	23,500	16,000	15,158	842
Training	7,500	4,650	4,601	49
Transportation	10,500	15,100	14,459	641
Travel and Meetings	500	300	274	26
Utilities	200	150	147	3
Capital Outlay:			-	
Equipment	-	1,017,454	1,016,067	1,387
Total Expenditures	<u>180,900</u>	<u>1,169,604</u>	<u>1,158,568</u>	<u>11,036</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(13,494)	(13,494)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	-	-	(13,494)	-
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,494)</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

LAFAYETTE PARISH COMMUNICATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED OCTOBER 31, 2004

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
State Domestic Preparedness			
Equipment Support Program -	97.004	2003-TE-TX-0163	\$ 156,728
Passed through the Louisiana Department	97.004	2003-MU-T3-0022	333,289
of Public Safety	97.004	2004-GE-T4-0004	392,972
 Emergency Management Performance			
Grants -			
Passed through the Louisiana Department			
Office of Homeland Security			
and Emergency Preparedness	97.042	LANG-HEP-E	65,280
			<u>\$ 948,269</u>

NOTE:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**SPECIAL REVENUE FUND
COMMUNICATION SYSTEM MANAGEMENT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Government Appropriation	\$ 128,000	\$ 128,000	\$ 164,668	\$ 36,668
Interest Earnings	-	-	2,738	2,738
Total Revenue	<u>128,000</u>	<u>128,000</u>	<u>167,406</u>	<u>39,406</u>
EXPENDITURES				
Current:				
Dues and Licenses	400	155	155	-
Duplicating Expense	300	120	107	13
Postage	100	50	8	42
Printing	300	-	-	-
Professional Fees	800	756	756	-
Publications and Recordations	500	150	111	39
Repairs and Maintenance	68,300	58,269	57,995	274
Supplies and Materials	2,500	1,800	1,349	451
Telecommunications	22,000	19,600	17,054	2,546
Tower Rentals	22,000	18,700	17,336	1,364
Training	3,000	500	417	83
Travel and Meetings	1,800	1,200	1,030	170
Utilities	6,000	5,100	4,971	129
Capital Outlay:				
Equipment	-	21,600	21,533	67
Total Expenditures	<u>128,000</u>	<u>128,000</u>	<u>122,822</u>	<u>5,178</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>44,584</u>	<u>44,584</u>
OTHER FINANCING USES				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(44,584)	(44,584)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT
SCHEDULE OF WIRELESS E911 REVENUES AND EXPENDITURES
FOR THE YEAR ENDED OCTOBER 31, 2004

REVENUES

Nextel	\$ 88,019
Cingular Wireless	710,768
Centennial Cellular Corporation	175,204
Excel Telecommunications	3,286
Sprint PCS	98,576
AT&T Wireless	84,409
T-Mobile USA, Inc.	22,485
Unwired Telecom Corporation	50
Verizon Wireless	25,858
Virgin Mobile	<u>19,764</u>
 TOTAL REVENUES	 <u>\$1,228,419</u>

NOTE: The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I and Phase II enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I and Phase II system implementation requirements are complete.

COMPLIANCE AND INTERNAL CONTROL

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Lafayette Parish Communication District
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Parish Communication District for the year ended October 31, 2004, and have issued our report thereon dated January 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether Lafayette Parish Communication District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Parish Communication District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

WMDDH

This report is intended for the information of Lafayette Parish Communication District and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

January 20, 2005

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lafayette Parish Communication District
Lafayette, Louisiana

We have audited the compliance of the Lafayette Parish Communication District, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended October 31, 2004. Lafayette Parish Communication District's major federal program is identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its *major federal program* is the responsibility of Lafayette Parish Communication District's management. Our responsibility is to express an opinion on Lafayette Parish Communication District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Parish Communication District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lafayette Parish Communication District's compliance with those requirements.

In our opinion, Lafayette Parish Communication District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended October 31, 2004.

Internal Control Over Compliance

The management of Lafayette Parish Communication District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lafayette Parish Communication District's internal control over compliance with requirements that could have a direct and material effect on a major federal

WMDDH

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and Board of Commissioners of the Lafayette Parish Communication District, the Legislative Auditor of the State of Louisiana, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

January 20, 2005

LAFAYETTE PARISH COMMUNICATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED OCTOBER 31, 2004

We have audited the financial statements of the Lafayette Parish Communication District as of and for the year ended October 31, 2004 and have issued our report thereon dated January 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of October 31, 2004 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

A. FINANCIAL STATEMENTS

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<u> </u> Yes	<u> x </u> No
Reportable Conditions	<u> </u> Yes	<u> x </u> No

Compliance

Compliance Material to Financial Statements	<u> </u> Yes	<u> x </u> No
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B. FEDERAL AWARDS

Major Program Identification

The Lafayette Parish Communication District at October 31, 2004, had one major program: Department of Homeland Security: State Domestic Preparedness Equipment Support Grant: CFDA Number 97.004.

Low-Risk Auditee

The Lafayette Parish Communication District is considered a low-risk auditee for the year ended October 31, 2004.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended October 31, 2004.

Auditors' Report - Major Program

An unqualified opinion has been issued on the Lafayette Parish Communication District's compliance for its major program as of and for the year ended October 31, 2004.

Reportable Conditions - Major Program

There were no reportable conditions noted during the audit of the major federal program.

LAFAYETTE PARISH COMMUNICATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
FOR THE YEAR ENDED OCTOBER 31, 2004

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal program.

Section II - Financial Statement Findings

There were no reportable conditions or instances of material noncompliance noted during the audit.

Section III – Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2004**

There were no prior year findings.

LAFAYETTE PARISH COMMUNICATION DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED OCTOBER 31, 2004

No current year findings were noted, therefore no response is deemed necessary.